

# Utah PSC to hold hearing on Questar Gas expansion costs

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By [Susan Nelson](#)

The Utah Public Service Commission will hold a hearing on Feb. 8 on the request of [Questar Gas Co.](#) to include the costs of expanding its service territory by removing the surcharge now being levied solely on customers living in expansion areas and applying the costs to all customers.

The effect of the rate change would be revenue neutral for Questar, the company said. A typical residential customer would see an increase of 19 cents per month, which amounts to an annual bill increase of \$2.28. Questar used as a test year October 2006 to October 2007, the same period the company used in a rate reduction request [approved](#) by the PSC in October.

The surcharges have been used by Questar with PSC approval as a way for the utility to recover expansion costs. After Questar reduced the rate for one community, Ogden Valley, Utah, the PSC appointed a task force to study the matter.

The task force [reported](#) in August that many of the communities had financial difficulties in making the payments because of a lack of anticipated customers and because some communities might never repay their loans. Nine communities have payoff dates under one kind of surcharge, the extension area charge (EAC), which was pushed back to 2007 to 2022. Five communities paying under another form of charge, general service southern (GSS), have payoff dates of 2012 and 2013.

Beaver County, Utah, had raised the initial objections to the surcharge, saying it was hurting the ability of rural communities to attract new business.

Questar in 1987 began collecting the GSS, which was levied over a period of 10 years when the company extended services to nine Utah and Idaho communities. Later, when construction of the [Kern River Gas Transmission Co.](#) pipeline system provided Questar the opportunity to expand into small, rural areas of western Utah, Questar again assessed the surcharge but at a 20-year rate. Five communities with 7,000 Questar customers now have surcharges expected to end between 2012 and 2013. Nine communities are still paying off the EAC.

In a 4-1 vote, the state's consumer advocate, the Committee of Consumer Services, decided on Jan. 9 that the PSC should consider the matter as part of a general rate case.

Position papers on Questar's request are due Jan. 16 and rebuttal testimony or statements must be filed by Feb. 2. Questar Gas, a subsidiary of [Questar Corp.](#), serves about 820,000 customers in Utah.

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